

EXPLANATION AND JUSTIFICATION

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Draft #1

1. Purposes of Proposed Bill

The proposed bill serves two major purposes: .

a. The Central Intelligence Agency needs to attract and retain a force of highly qualified careerists in spite of its inability in fact to provide full-term careers for many individual officers. In order to minimize the adverse effects of necessary programs of managed attrition and to preserve its ability to recruit and retain the high caliber personnel it needs, the Agency must make reasonable provision for the future of those individuals who must be separated before completing a full term career. The proposed bill serves this purpose by authorizing the Director of Central Intelligence to establish a disability and retirement system corresponding to that of the Foreign Service for those employees and classes of employees for whom such a system would be appropriate.

b. The provisions of Section 4 of the Central Intelligence Agency Act of 1949, as amended, now authorize allowances and benefits for Agency personnel which are similar to those provided to Foreign Service personnel. In keeping with the original intent of providing such allowances and benefits as were comparable to those of the Foreign Service, the Agency has in the past sought legislative amendment of Section 4 whenever required to maintain such comparability. The proposed bill would facilitate this process by replacing Section 4 of the CIA Act with a new section authorizing the Director of Central Intelligence to adopt and apply as appropriate the applicable provisions of the Foreign Service Act of 1946, as amended, or other laws.

2. Requirement for Disability and Retirement System Corresponding to That of the Foreign Service

a. Background

(1) Need for Careerists in Service of the Central Intelligence Agency

For some years, the Central Intelligence Agency has recognized that it faces a serious dilemma. On the one hand, the nature of its mission requires the employment of very highly qualified and motivated people and their continuing training and development over the years in highly specialized and esoteric fields of endeavor. In brief, career employment is essential to fulfill the majority of the Agency's requirements for personnel.

To date, the Agency has been most successful and fortunate in being able to attract a body of employees of outstandingly high quality and dedication. This success is due in part to an aggressive recruitment program conducted under the Agency's excepted appointment authority which has permitted the Agency to seek out superior and well-motivated individuals. It is also due in part to the inherent challenge and appeal of intelligence work. Lastly, the general atmosphere of international tension which has prevailed since World War II has stimulated the interest of young people with the qualifications needed by the Agency and has motivated them toward service with Government agencies engaged in international affairs or operations.

(2) Inability to Provide Full Careers to Many Careerists

The other horn of the dilemma is the fact that the Agency cannot reasonably expect from nor provide to a substantial number of its careerists a full working career of thirty or so years. The factors leading to this situation involve those directly related to the requirements of the work and those relating to their health and attitudes after protracted periods of service abroad.

Factors directly related to the requirements of the work include the following:

(a) Stringent conditions of service: The nature of the work involved in the Agency's overseas operations requires people who have a high degree of vigor, vitality, endurance, resilience, and adaptability---traits normally found in youthful individuals and tending to diminish with age. Such traits are required to cope with, for example, uneven and uncertain hours and days of work, duty in unhealthful locations with less than adequate medical facilities, and arduous and, not infrequently, hazardous assignments.

(b) Limitations of cover employment: Operations officers serving overseas are normally required to perform their work under the cover of employment with some other organization. The effects of "living one's cover" and performing two jobs concurrently are implied below in the discussion of attitudes. From the standpoint of Agency operations, however, there are important considerations in the limitations of cover employment on the long term usefulness of Agency officers.

An officer's usefulness to the Agency is seriously impaired if not destroyed if his true affiliation is revealed to unauthorized sources. The longer an employee serves under cover, and particularly if it becomes necessary to change his cover employment when he is moved from one post to another, as is frequently the case, the greater becomes the risk that his true affiliation will be inadvertently revealed to or inferred by hostile parties.

Cover is a limiting career factor in another sense as well: most positions in cover organizations which can be made available for the Agency's use are those which would normally be manned by younger, junior personnel of the host organization. It is difficult to find appropriate cover, either governmental or private/commercial, for any substantial number of officers of middle-age or over.

Factors relating to the health and attitudes of careerists after protracted periods of service abroad include the following:

(a) Motivational exhaustion: The stresses and strains of clandestine operations leads to "motivational exhaustion" on the part of many careerists. This term refers to a gradual lessening of interest and enthusiasm in the officer as a result of the impingements on his personal and family life. These stem from the transient nature of his assignments, the complications and restrictions of cover and security requirements, and intrusions on his family life occasioned by the

requirement that he spend his "leisure time" after completing his cover job in performing additional Agency duties. To the greatest extent possible, the rotation of operations officers from one post of assignment to another is carried out in an orderly fashion. However, these officers must be sent where they are most needed in times of crisis. Thus, in addition to the inability of his family to put down roots because of the world-wide service requirements of Agency employment, there is added the expectation, not infrequently realized, of unplanned and emergency assignments to points of unrest or tension and prolonged separation of the officer from his family. Further, while all Agency employees are subject to severe limitations on their personal freedoms in recognition of overriding security considerations, employees serving abroad are subject to even more restrictive security requirements and, in addition, must submit to the requirement to conduct their personal affairs in a manner consistent with their cover employment. It is impossible to predict the extent to which these factors will contribute to motivational exhaustion or the period of time over which any given officer can withstand these impingements without any noticeable influence on his work. To some degree, however, they affect all officers who are required to serve in overseas operations over an extended period of time.

(b) Physical deterioration of employee or family: Apart from the requirement for youthfulness mentioned above, experience

has shown that many officers or members of their families will over a period of time incur ailments or impediments of health which, although not disabling, severely limit or even prohibit their utilization in overseas assignment.

(c) Impact of service overseas on family: In part because of the conditions noted above under the heading of motivational exhaustion, some officers find in time that the hardships and inconveniences of a service abroad are no longer acceptable to themselves or their families. Thus, both by personal preference and because of pressure from their families they find it increasingly difficult to tolerate the prospects of lifetime careers in foreign intelligence activities.

From the foregoing, it is apparent that there are many reasons why the Agency finds it infeasible to expect from or offer to many of its careerists full term careers in intelligence operations.

(3) Need for Manpower Controls

Obviously, the Agency cannot accommodate in continuing headquarters assignments all of the officers whose further service overseas is precluded because of the factors described above. Two important reasons for this are the fact that headquarters posts must be available for the rotation of operations officers following service abroad and the fact that recent overseas experience is an important qualification of the headquarters officer directing or supporting operations overseas.

Finally, the main body of operations personnel must be flexible and mobile to ensure adequate staffing of world-wide requirements on a regular basis and to provide the Agency with the capability of mobilizing its personnel in this branch of service to meet emergency requirements anywhere in the world.

In addition to these requirements for flexibility and mobility, the Agency must also be equipped to deal with sudden and sometimes radical shifts in the types of personnel required. The dynamic nature of clandestine operations produces shifts in the types of skills, experience, and mental and physical traits needed for their performance. These shifts cannot always be met by concentrated retraining of personnel assigned to such service and, thus, a varying number of these persons become "occupationally surplus" from time to time. A classic example of this condition was represented by the large number of young paramilitary officers brought in during the early 1950's who were badly needed to perform wide-scale paramilitary operations then in progress. As the scope of such operations was diminished, it was possible to absorb some of these officers into other fields of work and others have left the Agency for a variety of reasons. However, problems to the Agency and to the individuals would have been greatly diminished had appropriate means existed to induce attrition and at the same time provide equitable compensation for the financial and mental hardships

inherent in vocational displacement.

The Agency will find it increasingly necessary to impose manpower controls to ensure appropriate alignment as to age, qualifications, and other characteristics of the body of employees engaged in intelligence operations. Insofar as possible, imbalances should and shall be corrected by the reassignment of officers who cannot or should not continue in such work to other fields of work in the Agency. It is a certainty, however, that encouraged and induced attrition will be necessary to provide adequate control of the situation.

Such a program of managed attrition is feasible only if it is linked with a system of retirement and other benefits which are at a minimum sufficient to induce the average employee to take the risk that he may be one of those individuals who cannot serve a full-term career.

(4) Difficulty of Vocational Adjustment for Employees  
Separated Short of a Full-Term Career

The seriousness of this risk is greatly augmented by the difficulty which will normally be encountered by these people in effecting a career transfer from intelligence operations to other more normal government or commercial fields. Agency employees do not acquire civil service status through their employment with the Agency and are thus not eligible for transfer to positions in most other Government agencies until they can acquire eligibility for competitive appointment through normal examination procedures, a time-consuming process even if an appropriate examination is

open which is not always the case.

A greater problem stems from the fact that Agency employment, particularly in intelligence operations, requires (1) the acquisition and application of skills for which requirements in other Government or commercial fields of employment are either rare or non-existent, or (2) effectively prevents individuals from studying, practicing, or otherwise developing or retaining proficiency in an established occupation or profession, or (3) prevents the individual, for reasons of operational cover or security, from describing or confirming to a prospective employer the scope and level of his duties and responsibilities.

Finally, both private and Government employers having overseas activities are reluctant to hire former intelligence officers for fear that the individuals may not have completely severed their official ties with the Agency and might continue to give first allegiance to its service or for fear that the attitudes of officials of foreign countries toward their organizations might be affected adversely if they were known to be employing "ex-intelligence agents."

b. More Flexible Retirement System as Part of Manpower Control System

The Agency has instituted administrative procedures for identifying employees who become surplus to its needs because of the factors described above and has recently engaged in an exercise which will result in the separation of  individuals. This exercise was made the more painful because of the relatively inadequate assistance which the Agency could offer those separated to assist them in making occupational

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transfers or entering prematurely on retired status. The benefits available were limited to those normally available under the civil service retirement system and to modest separation compensation payments, related to years of service and salary upon separation, made by the Agency.

In order to minimize the adverse effects of such exercises on our ability to recruit and retain the caliber of personnel needed, to say nothing of minimizing their effects on the dedicated personnel already in the service of the Agency, the Agency must make better provision for the future of those individuals who must be separated before completing full-term careers. An important means for doing so is to establish a retirement system permitting earlier retirement with a more nearly adequate and equitable annuity than is possible under the civil service retirement system.

c. Adaptability of Foreign Service Retirement System to Agency's Needs

The Foreign Service Retirement system was designed to provide for a body of employees serving under conditions generally comparable to those of Agency personnel engaged in conducting or supporting overseas operations. Whereas there is no suitable provision under the civil service retirement system for an early retirement program, there is such provision in the Foreign Service system and it is, as a general proposition, more advantageous in all respects for employees whose careers are largely spent in service overseas. By adopting a system corresponding to the Foreign Service system, the Agency can take advantage of the considerable study which went into its initial development and the modifications which have been brought about through experience in its application. Without the experience to be gained through actual application of its provisions to situations which the Agency will encounter, it seems to provide a suitable and reasonable means for overcoming

the deficiencies in the civil service retirement system as applied to the Agency's manpower control program.

The criteria for identifying those employees who would become eligible for coverage under such a retirement system rather than under civil service retirement would be as follows:

Career employees of the Agency would be eligible for annuities computed at the rate of 2% of the average salary of their "high-five" years of service multiplied by the number of their years of Federal service under the following conditions:

(1) Optional Retirement

Career Employees may apply for and normally be granted retirement on such annuities at age 50 if they have completed 20 years of Federal Service of which 10 were with CIA and 5 were overseas with CIA.

(2) Discontinued Service (other than for cause)

(a) The DCI may retire Career Employees of super-grade rank on such annuities when he determines this action to be in the interest of the Agency.

(b) The DCI may retire Career Employees in grades he determines that their employment must be discontinued and GS-14 and GS-15 on such annuities when/their service in the Agency was of such a nature as to (1) require the acquisition and application of skills for which requirements in other Government or commercial fields of employment are either rare or non-existent, or (2) effectively prevent them from studying, practicing, or otherwise developing or retaining proficiency in an established occupation or profession, or (3) prevent the individual, for reasons of operational cover or

security, from describing or confirming to a prospective employer the scope and level of his duties and responsibilities.

(c) Those Career Employees grade GS-13 and below whose employment must be discontinued and whose service meets the criteria in (b) above will receive separation compensation and either a refund of retirement contributions or a deferred retirement annuity at age 60 such as provided in Section 632 of the Foreign Service Act as amended.

d. Urgency of Action

There have been several events in the past year or so which contribute to a sense of urgency in obtaining authority for an adequate retirement program for Agency personnel engaged in foreign intelligence operations. Principal among these has been the exercise for the separation of surplus personnel referred to above. It has been effective in accomplishing its main purpose, i.e., that of removing a substantial number of individuals of limited usefulness for overseas service from that phase of Agency operations, but its impact in some individual cases has been drastic. Further, it has magnified and personalized general feelings of uncertainty and insecurity among Agency employees which had already been stimulated by the after-effects of the Cuban and U-2 episodes. Announcement of an early retirement program at this time would provide tangible evidence of the Agency's determination to solve the problem of personnel made surplus through loss or limitation of usefulness by more humane means in the future. On a broader scale, it would assure employees of the concern at Agency and Government level for their welfare.

3. Allowances and Benefits

As suggested in paragraph 1 above, the principal purpose for requesting amendment of section 4 is to facilitate maintaining on a current basis the allowances and other benefits afforded Agency employees which are comparable to those afforded Foreign Service personnel. The proposed bill accomplishes this purpose simply by substituting for the present section 4 a provision authorizing the Director of Central Intelligence to adopt or apply such benefits provisions to Agency employees.